



# 5 Steps to Forecasting in Uncertain Times.



Long-term planning has always been a key responsibility for school business officials. But in the wake of the pandemic, this planning has not only taken on a new level of importance, but also a new degree of complexity.

It isn't enough to assume that a plan or budget will continue to work just because it has in the past. If COVID has proven anything to education leaders, it's to expect the unexpected.

With that in mind, below you'll find 5 practical steps you can take to help create a culture of planning in your school district.



## 1. Create a Multi-Year Plan

To be clear, forecasting isn't about seeing into the future with perfect clarity. And no one is expecting you to predict the next cataclysmic event. But by using the historical data at your disposal, you can foresee major expenses and budget changes before they need to happen, and plan for them years in advance.

To do this, though, you must first look backwards. Whether you're new in your role as a school business official or have years of experience under your belt, it's important to know how your district has performed in the past – and it is crucial that you convey these performances in your plan.

For this reason, maintain at least 5 years of historical actuals for inclusion in your multi-year projection plan. This will help you establish context for the progress you intend for the district to make, as well.

Aim to forecast for the next five years. Expect your budgetary projections to be more accurate in years 0, 1, and 2 than in 3, 4, or 5. Still, taken as a whole, these predictions should signal the direction you expect the district to trend.

The overall financial trajectory of this plan is your first opportunity to identify potential warning signs. The earlier you can see these red flags, the wider your window will be to execute a course correction plan.



## 2. Update Your Baseline Forecast

As uncertain as things have felt for the past few years, there will always be standard expenses to expect each year. Filling position vacancies, replacements to old equipment, and vehicle maintenance are just a few of the baseline costs of running a school district.

Illustrate the overall direction you expect these expenses to trend. This will be the foundation for your multi-year plan.



### About Frontline Education

Frontline Education is a leading provider of school administration software, connecting solutions for student and special programs, business operations and human capital management with powerful analytics to empower educators. Frontline partners with school systems to deliver tools, data and insights that support greater efficiency and productivity, enabling school leaders to spend more time and resources executing strategies that drive educator effectiveness, student success and district excellence. Over 10,000 clients representing millions of educators, administrators and support personnel have partnered with Frontline Education in their efforts to develop the next generation of learners.



### 3. Review Staffing

You know that navigating staff vacancies is a fact of life for school districts. But rarely will any two years look exactly the same. And with 70 to 80 percent (**or more**) of your budget tied to staffing, it's easy to see why key stakeholders need thorough reporting on it year in and year out.

The factors that drive salary and benefit costs will vary from one school year to the next, so transparent communication is key here.

**You should also include in your report:**

- Total teacher and staff salaries
- Medical insurance and other benefits
- Salaries and benefits by major areas
- Package contributions

Including **'what-if'** scenarios can be an effective tool for illustrating your district's financial story. What would be the impact of major changes, such as a 10 percent salary raise? By projecting the results of these potentialities, you can increase true understanding of the district's long-term strategy.

Educator experience should be a major component of your forecast, as well. By laying out the way this variable impacts compensation levels and salaries overall, you can again help foster understanding. **Assets that can help with this include:**

- Position control
- Experience histograms
- Peer comparison analysis
- Position-level analysis
- Salary analysis
- FTE count per activity
- Trend analysis

One other important factor to communicate is your staffing level. Your student-to-staff ratio is important, and can affect not only compensation and workload but, crucially, student performance as well. How does that impact your district's performance in the near and long term? How might new hires change that (or not)?



### 4. Review Enrollment

Enrollment trends affect your district's budget, and can present unique challenges. Student sub-group populations will change from one year to the next, which of course impacts funding. Add in funding based on enrollment or attendance, it's clear to see the importance of projecting who will attend school in the years to come.

**Look at your historical enrollment data from a few different standpoints.**

- From a grade-by-grade versus district-wide perspective
- From a local versus state perspective
- From a district versus charter school enrollment perspective



### 5. Establish a Budget Calendar

It isn't enough to communicate your forecast once every year. Instead, your forecast should include a schedule of meetings to update key stakeholders on changes for each component of your budget. Having regular meetings on the calendar can be a steadying force for your community in uncertain times.